STATE OF CALIFORNIA Edmund G Brown, Jr. *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

PUBLIC WORKSHOP MINUTES

R.12-11-005 Distributed Generation Proceeding

California Solar Initiative Workshop: PBI Acceleration
December 18, 2013

1:30 – 3:30 PM
PG&E Pacific Energy Center
851 Howard St, San Francisco, CA 94103

Documents available at CPUC CSI Workshops Website

1:30 PM – Welcome—Introductions

The purpose of this workshop is to propose changes to the Performance Based-Incentive (PBI) payment structure and gather feedback from the solar industry.

1:45 PM – Presentation of CSI PA Proposal by Brittany Moore, PG&E *(see slides on PUC website)*

Key Elements of the Proposal

- Reporting timeline changed from 60 to 24 months
- Comparison of actual yearly production to estimated production
- Cap on overproduction
- Buy out of remaining months with one final payment

Calculation of Buyout Payment

- Overproduction determined through ratio of actual to expected production
- Remaining kWh to be compensated in final buyout determined by taking expected 5-year production and subtracting the 24 months of actual production
- Incentive rate used would include the discount factor, making

Missed Months

- True production is based on 24 consecutive months
  -No correction for seasonal insolation, which would be assumed to even out over two years' worth of data
- Missing data
  -Missing data due to communication errors (up to 3 months worth) would result in extension of the payment based on actuals and data collection period.

Estimated data from the EPBB calculator would be used to replace
that missing data in the calculation of the buyout.
-Missing data due to system failure will result in a payment based on partial data or a value of 0, as available.

PBI Requirements Under This Proposal

- 5 years of PMRS still needed
- Only 2 years of PDP required
- +/- 2% accuracy in metering still needed

2:30 PM – Q&A Panel

Concern about tax implications of payout after only 24 months for PPA or Lease models

- Unlikely to affect systems paid for in cash, who would prefer quicker payment
- Contractors may be ok with quicker payments
- However, investors may have issues with receiving lump-sum payments

Current Overproduction Factors PBI-Wide

- PG&E: 8% overall
- CCSE: 8% overall
- SCE: 6% overall (last 12 months)

Question on Overproduction Cap

- Under this proposal, the overproduction cap will be set around 8-10%
- There would be no 'floor', meaning that an under-producing system would be paid less than their reserved incentive, proportional to their actual production
- CalSEIA: Not sure why the OPF cap has to be set so close to the average, seems to penalize more efficient and productive systems
- Precision Electric: Contractors would like for projects to be paid based only on actual

Selection of 24-Months as 'Actual' Period

- Program Administrators originally suggested 12-month actual period
- Energy Division recommended extending to 24 months as an additional buffer against seasonality
- Precision Electric: 24 months makes sense, any longer than 24 months would probably not yield any more information than you would get in two years

3:20 PM – Wrap Up

3:30 PM – Adjournment